

## Message Text

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ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 OPIC-06 SP-02

CIEP-02 LAB-03 SIL-01 OMB-01 /053 W

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R 220841Z NOV 74

FM AMCONSUL MILAN

TO SECSTATE WASHDC 3832

UNCLAS MILAN 1714

E.O. 11652: N/A

TAGS: EIND

SUBJ: ISO MOTOR CO. S.P.A., VAREDO

DEPT PASS EX-IM FOR RENDELL

1. CONSULATE VISITED ISO MOTOR CO. FACTORY AT VAREDO,  
ABOUT 15 MILES OUTSIDE OF MILAN.

2. BUILDING OF PRE-FABRICATED CONCRETE ABOUT THREE YEARS  
OLD, LOCATED IN NEW INDUSTRIAL ZONE IN THE MIDST OF  
AGRICULTURAL AREA. APPEARED TO BE ABOUT 100X60 YARDS AND  
WELL-EQUIPPED. BUILDING SURROUNDED BY AMPLE YARD SPACE.

3. CONVERSATIONS WITH MR. EMILIO SERAO, EXECUTIVE  
MANAGER OF FIRM INDICATED IT HAVING SEVERE LIQUIDITY PROBLEMS  
CAUSED BY BAD DEBTS, LIQUIDITY RESTRICTIONS IN ITALY AND  
INABILITY OBTAIN ANY CASH ADVANCE ON CARS ORDERED IN U.S.  
SINCE AGENT'S DEATH. FIRM NOW SEEKING NEW AGENT.  
EXTENT OF FIRM'S PROBLEMS ILLUSTRATED BY FACT LOCAL BANK  
PRESSING IT ON DAILY PRESS FOR COLLECTION OF 4 MILLION  
LIRE CHECK (ABOUT \$6500) WHICH GIVEN ISO BY CUSTOMER AND  
NEVER COVERED. ITALIAN AND UK SALES HAVE VIRTUALLY CEASED  
AND AT LEAST 80 0/0 OF PRODUCTION FOR U.S. MARKET.

4. FIRM EMPLOYS AROUND 70 PEOPLE AFTER DROPPING FROM  
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150. IT APPARENTLY DECEIVED BY FORMER OWNER AS TO BUSINESS

ACTIVITY AND NOW OPERATING AT APPROXIMATELY 30 0/0 OF CAPACITY. IT PRODUCED SOME 100 CARS IN 1973 BUT WILL NOT EQUAL THIS FIGURE IN 1974. HOPES IMPROVE PLANT UTILIZATION BY DIVERSIFYING TO RECONDITIONING HEAVY CONSTRUCTION EQUIPMENT AND TOURIST BUS COACH WORK. IT HAS THUS FAR HAD LITTLE SUCCESS IN DEVELOPING THESE LINES OF BUSINESS AND THE PREDOMINANTLY SOUTHERN MANAGEMENT IS APPARENTLY HAVING SOME DIFFICULTY IN DEVELOPING GOOD BUSINESS CONTACT IN THE AREA. IT ALSO IS MEETING PROBLEMS WITH THE WORK FORCE WHICH IS ALSO LOCAL.

5. THERE WERE TEN FINISHED BUT UNSOLD CARS IN PLANT, THREE OF WHICH FOR UK MARKET. SERRAO SAID THREE MORE CARS WERE UNSOLD IN UK AND TWO OR THREE IN U.S. SERRAO COMPLAINED THAT PRODUCTION PROBLEMS COMPLICATED BY FACT THAT PURCHASER OF 25,000 DOLLAR AUTOMOBILE WANTED IT CUSTOM-MADE AND IT IMPOSSIBLE COMPLETE CARS IN ADVANCE. SERRAO SAID ISO HAS ADVANTAGE OVER FERRARI, MASWERATI, ETC. BECAUSE MOTORS ARE AMERICAN AND THERE ARE NO MAINTENANCE OR SPARE PARTS COMPLICATIONS. ISO ALSO REPORTEDLY SELLS FOR 30 0/0 LESS THAN COMPETITION BECAUSE OF IVA TAX EXEMPTION ON TEMPORARY IMPORTS AND FACT IT USES MOTORS ALREADY MEETING POLLUTION CONTROLS.

6. SERRAO SAID FIRM HAD RECENTLY PURCHASED AND PAID FOR 120 FORD ENGINES, ABOUT HALF OF WHICH ARE STILL STORED IN PLANT.FINA

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AUTOMOTIVE INDUSTRY, BUSINESS FIRMS, AUTOMOBILE WORKERS, LIQUIDITY (MONETARY), DEBTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 NOV 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974MILAN01714  
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**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740338-0891  
**From:** MILAN  
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**Line Count:** 87  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION XMB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ISO MOTOR CO. S.P.A., VAREDO DEPT PASS EX-IM FOR RENDELL  
**TAGS:** EIND, IT  
**To:** STATE  
**Type:** TE  
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